

# ***FARM SECTOR ECONOMIC ANALYSIS***

## ***INCOME***

The total value of the agriculture sector output from New Mexico farms and ranches decreased slightly in 2012 at \$4.26 billion. The value of livestock production dropped to \$3.14 billion in 2012, down slightly from 2011. Cattle producers continued to sell off breeding herds due to continuing drought conditions and high feed prices. Crop value increased to \$823 million, up 1.1 percent from a year earlier. Revenues from forestry and services totaled \$296 million in 2012, down 2.2 percent from the previous year. After deductions for production expenses, hired labor, and other economic factors, the state's net farm income totaled \$1.36 billion, up \$32 million from the previous year.

## ***PRODUCTION EXPENSES***

New Mexico farmers and ranchers purchased \$2.30 billion of inputs in 2012 to produce crops and livestock. This was down 2.5 percent from the previous year. As in earlier years, livestock feed continued to be the largest purchase at \$832 million, followed by livestock purchases of \$539 million. Petroleum fuel and oil costs dropped 15 percent to \$126 million while repair and maintenance of capital items cost farmers and ranchers \$141 million.

## ***CASH RECEIPTS***

New Mexico crop and livestock product sales in 2012 totaled \$4.0 billion, a 2.8 percent decrease from the previous year. Total cash receipts from livestock products decreased in 2012 to just under \$3.2 billion. The number one cash commodity for the state was cattle and calves; many producers reduced herd sizes due to the drought. Milk followed as the number two cash commodity. Total crop cash receipts decreased to \$828 million. Hay was third in the state in total cash receipts totaling \$172 million, up slightly from a year earlier. Pecan sales decreased to \$110 million in 2012, dropping to the fourth largest cash commodity in the state.

The drop in pecan prices were the primary reason for the decrease. Chile peppers moved up in the rankings as cotton acreage dropped in 2012. Onions also moved up in the rankings at seventh, increasing by 30 percent from 2011. Corn for grain, nursery, and wheat were again in the state's top ten commodities.

## ***GOVERNMENT PAYMENTS***

Direct government payments to New Mexico producers totaled just under \$98 million in 2012, up 11 percent from 2011 payments of \$88 million. If ranked with cash receipts, government payments would be our fifth largest cash commodity. Conservation program payments increased to \$47.8 million. Fixed Direct payments were down slightly at \$15 million in 2012. Ad Hoc and Emergency Programs increased to \$31 million, up from \$28 million a year earlier.

## ***PRICES***

Milk prices, at \$17.40 per hundred weight (cwt), decreased from the previous year's level of \$19.40 per cwt.

Alfalfa prices sustained high prices from the previous year averaging \$256 per ton, down slightly from 2011. Continued drought conditions left range and pastureland in very poor condition, which kept steady demand for hay. All hay decreased by \$9 from the 2011 price of \$258 to \$249 per ton in 2012. Other hay prices averaged \$189 per ton in 2012, compared to \$196 in 2011.

Prices for corn, wheat, dry beans, sorghum, chile peppers, and onions increased in 2012. Cotton, peanuts, and pecans were the only crops showing decreases from a year earlier. The average price for pecans dropped to \$1.70 for the marketing season. Chile prices increased from 2011 averaging \$841 per ton.